

CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer DAVID LINZINMEIR and CAROLYN LINZINMEIR

Address 301 West 84th Street, Indianapolis, IN 46260

Project Name(*) Linzinmeir Condominium Project

Address Lot 15, Kalihiwai, Hanalei, Island & County of Kauai, State of Hawaii

Registration No. 3506 (Conversion) Effective Date December 30, 1996

Expiration Date January 30, 1998

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

 PRELIMINARY: The Developer may not as yet have created the
(yellow) condominium but has filed with the Real Estate
 Commission minimal information sufficient for a
 Preliminary Public Report. A Final Public Report will
 be issued by the developer when complete information is
 filed.

 X FINAL: The developer has legally created a condominium and has
(white) filed complete information with the Commission.
 [X] No prior reports have been issued.
 [] This report supersedes all prior public reports.
 [] This report must be read together with _____.

 SUPPLEMENTARY: This report updates information contained in the:
(pink) [] Preliminary Public Report dated: _____
 [] Final Public Report dated: _____
 [] Supplementary Public Report dated: _____
 AND [] Supersedes all prior public reports
 [] Must be read together with _____
 [] This report reactivates the _____
 public report(s) which expired on _____

(*) Exactly as named in the Declaration

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required and attached to this report Not required-disclosures
As Exhibit "G" covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the developer
 Changes made are as follows:

SPECIAL ATTENTION

This is a CONDOMINIUM PROJECT, not a subdivision. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and is not a legally subdivided lot. The dotted lines on the Condominium Map bounding the designated number of square feet in each limited common element land area are for illustrative purposes only and should not be construed to be the property lines of legally subdivided lots.

1. There are County restrictions on the number of residential dwelling units, or other structures, which may be built on the property. Therefore, unless the Purchaser is buying an existing residential dwelling, THERE IS NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO BUILD A RESIDENTIAL DWELLING UNIT ON THE PROPERTY. THERE IS ALSO NO ASSURANCE THAT THE PURCHASER WILL BE ABLE TO CONVERT AN EXISTING NON-RESIDENTIAL STRUCTURE TO A RESIDENTIAL USE. The Purchaser should consult with the appropriate County agencies to determine whether the Purchaser may build a residential dwelling unit, or any other type of structure, on the property.
 - a. Unit 1 and Unit 2 are sheds, which may be defined as an "apartment" under the condominium property act.
2. Facilities and improvements normally associated with County-approved subdivisions, such as fire protection devices, County street lighting, electricity, upgraded water facilities, improved access for owners and emergency traffic, drainage facilities, etc., may not be provided, and services such as County street maintenance and trash collection may not be available for interior roads and driveways.

Special Attention Cont.

This public report does not constitute an approval of the project by the Real Estate Commission or any other government agency, nor does it warrant that all applicable County coeds, ordinances, and subdivision requirements have necessarily been complied with.

THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING.

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Carolyn Linzinmeir
David Linzinmeir Phone (317)255-6501
301 W. 84th Street
Indianapolis, IN 46260

Names of officers or general partners of developer
who are corporations or partnerships:
N/A

Real Estate
Broker: Pacific Paradise Property Corp Phone (808)826-7211
P.O. Box 3195
Princeville, Hawaii 96722

Escrow: First Hawaii Title Corporation Phone (808)245-1608
4366 Kukui Grove Street, Ste 205
Lihue, Hawaii 96766

General
Contractor: Kiwi Construction Phone 808-828-0151
P.O. Box 937
Kilauea, Hawaii 96754

Condominium
Managing
Agent: Self-managed by Phone N/A

Association of Apartment Owners

Attorney for
Developer: Wendelin L. Campbell Phone (808)885-0522
P.O. Box 6869
Kamuela, Hawaii 96743

**II. CREATION OF THE CONDOMINIUM:
CONDOMINIUM DOCUMENTS**

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

- A. Declaration of Condominium Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

Proposed
 Recorded - Bureau of Conveyances: Doc. No. 95-157620
Book _____ Page _____
 Filed - Land Court Doc. No. _____

The Declaration referred to above has been amended by the following instruments (state name of document, date and recording/filing information): First Amendment to Declaration of Condominium Property Regime of the Linzinmeir Condominium Project dated May 20, 1996 recorded as Document No. 96-078870

- B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

Proposed
 Recorded - Bureau of Conveyances Condo Map No. 2325
 Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments (state name of document, date and recording/filing information): First Amendment to Declaration of Condominium Property Regime of the Linzinmeir Condominium Project dated May 20, 1996 recorded as Document No. 96-078870

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

Proposed
 Recorded - Bureau of Conveyances: Doc. No. 95-157621
Book _____ Page _____
 Filed - Land Court: Doc. No. _____

The Bylaws referred to above have been amended by the following instruments (state name of document, date and recording/filing information):

D. House Rules. The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

- Proposed
- Adopted
- Developer does not plan to adopt House Rules

E. Changes to Condominium Documents

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	75%
Bylaws	65%	65%
House Rules	-	N/A

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land will be in fee simple.

[] Leasehold or Subleasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Terms Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: [] Monthly [] Quarterly
[] Semi-Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per [] Month [] Year

For Subleaseholds:

[] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
[] Canceled [] Foreclosed

[] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[] Individual Apartments in Fee Simple: Common Interest in the Underlying Land in Leasehold or Subleasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: [] Monthly [] Quarterly
[] Semi annually [] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per [] Month [] Year

[] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. for more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. Underlying Land:

Address: 4980 Kahiliholo Road, Hanalei, Island and County of
County of Kauai, State of Hawaii

Tax Map Key: 4th Div. 5-2-017: 15

[] Address [] TMK is expected to change because _____
N/A

Land Area: 6.059 [] square feet [X] acres

Zoning: Agriculture

Fee Owner : David Linzinmeir & Carolyn Linzinmeir
301 W. 84th Street
Indianapolis, IN 46260

Sublessor: None

c. Buildings and Other Improvements:

1. New Building(s) Conversion of Existing Building(s)
 Both New Building(s) and Conversion

2. Number of Buildings: 2 Floors per Building 1
 Exhibit "A" contains further explanations.

3. Principal Construction Material:
 Concrete Hollow tile Wood Other

4. Permitted Uses by Zoning:

	No. of Apts.	Use Permitted By Zoning	No. of Apts	Use Determined By Zoning
<input type="checkbox"/> Residential	__ __	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Ohana	__	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Commercial	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Industrial	__	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Mix Res/com	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Agricultural	__	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Hotel	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Recreational	__	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Timeshare	_____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Other <u>Greenhouse 2</u>	__	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?

Yes No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

[X] Pets: Pets are permitted

[] Number of Occupants: _____

[X] Other: No time sharing

[] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 0 Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Greenhouse Area(sf)	Lanai/Patio (sf)
<u>1</u>	<u>2</u>	<u>0</u>	<u>48</u>	<u>0</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 2

*Net Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibits "A"

Permitted Alterations to Apartments:

As may be noted in paragraph 20 of the Declaration, individual unit owners may, at their sole discretion and at their own expense, remodel, expand or otherwise alter their unit, provided said alterations are done in compliance with all applicable ordinances, rules, codes, regulations and other requirements in force at the time of said construction. All alterations shall be completed expeditiously and in the manner set forth in said Paragraph 20.

7. Parking Stalls:

Total parking Stalls: 0

	Regular		Compact		Tandem		TOTAL
	Covered	Open	Covered	Open	Covered	Open	
Assigned (for each unit)	_____	_____	_____	_____	_____	_____	_____
Guest	_____	_____	_____	_____	_____	_____	_____
Unassigned	_____	_____	_____	_____	_____	_____	_____
Extra for Purchase	_____	_____	_____	_____	_____	_____	_____
Other Unit 1&2	_____	_____	_____	_____	_____	_____	_____

Each apartment has ample area within it respective limited common element for parking purposes.

Total
Covered & Open _____

Each residential apartment will have the exclusive use of at least 1* parking stall(s). Buyers are encouraged to find out which stall(s) will be available for their use.

[] Commercial parking garage permitted in condominium project.

[] Exhibit _____ contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[X] There are no recreational or common facilities.

[] Swimming pool [] Storage area [] Recreational area

[] Laundry area [] Tennis court [] Trash chute

[] Other: _____

9. Compliance with Building Code and Municipal Regulations: Cost to Cure Violations

[X] There are no violations [] Violations will not be cured

[] Violations and cost to cure are listed below.

[] Violations will be cured by _____.

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at lease five years):

11. Conformance to Present Zoning Code

- a. No variances to zoning code have been granted.
 Variance(s) to zoning code was/were granted as follows:

- b. Conforming/Non-Conforming Uses, Structures, Lot
In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Use	<u> X </u>	<u> </u>	<u> </u>
Structures	<u> X </u>	<u> </u>	<u> </u>
Lot	<u> X </u>	<u> </u>	<u> </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those portions of the common elements which are designated as limited common elements (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration are:

Described in Exhibit "B".

As follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which use them, as described in the Declaration, are:

described in Exhibit "C".

as follows:

3. Common Interest: Each apartment will have an undivided interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

described in Exhibit ____.

as follows:

Each unit and its owner(s) shall have appurtenant thereto a one-half (1/2) fractional (50%) interest in the common elements of the Project for all purposes including voting, said interest is referred to as "common interest".

- E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit "D" describes the encumbrances against the title contained in the title report dated June 11, 1996 and issued by First Hawaii Title Corporation .

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[] There are no blanket liens affecting the title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

Type of Lien Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance

1st Mortgage Buyer's interest could be terminated by the Mortgagee, in which event, the Buyer's deposit will be refunded, less any cancellation fee.

F. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

None. Units are sold "AS IS"

2. Appliances:

NONE

G. Status of Construction and Estimated Completion Date:

Greenhouse Units 1 & 2 were completed in October 1995.

H. Project Phases:

The developer [] has [X] has not reserved the right to add to merge, or phase this condominium. Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

IV. CONDOMINIUM MANAGEMENT

A. Management of the Common Element: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, name on page five (5) of this report, is:

- not affiliated with the Developer
- the Developer or the Developer's affiliate
- self-managed by the Association of Apartment Owners
- other _____

B. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

SHARED WATER- Developer estates that each unit will be assessed an estimated \$30.00 monthly for shared water.

Exhibit * contains a schedule of estimated initial maintenance fees and maintenance fees disbursements (subject to change.)

*See Exhibit "G" (Disclosure Abstract)

C. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

- None Electricity Gas Water
- Sewer TV cable Other _____

V. MISCELLANEOUS

A. Sales Documents Filed with the Real Estate Commission:

Sales documents on file with the Real Estate Commission include but are not limited to:

- Notice to Owner Occupants N/A
- Specimen of Sales Contract
Exhibit "E" contains a summary of the pertinent provisions of the sales contract.
- Escrow Agreement dated January 22, 1996.
Exhibit "F" contains a summary of the pertinent provisions of the escrow agreement.
- Other _____

B. Buyer's Right to Cancel Sales Contract:

1. Rights Under the Condominium Property Act (chapter 514A, HRS):

Preliminary Report: Sales made by Developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report or Supplementary Report to a Final Report: Sales made by developer are binding if:

- A) The Developer delivers to the buyer a copy of:
 - 1) Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; AND
 - 2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
- B) The buyer is given an opportunity to read the report(s); AND
- C) One of the following has occurred:
 - 1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - 2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - 3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

- A) There is material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; AND
- B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

- A) Condominium Public Reports issued by the developer which have been given an effective date by the Hawaii Real Estate Commission.
- B) Declaration of Condominium Property Regime, as amended.
- C) Bylaws of the Association of Apartment Owners.
- D) House Rules.(NONE)
- E) Condominium Map, as amended
- F) Escrow Agreement.
- G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107 adopted by the Real Estate Commission, as amended).
- H) Other Declaration of Protective Covenants, Conditions & Restrictions of Kalihiwai Ridge, as amended & Farm Dwelling Notice

Copies of the condominium and sales documents and amendments made by the developer are available for review through the Developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P.O. Box 541, Honolulu, Hawaii 96809, at a nominal cost.

This Public Report is part of Registration No. 3506 filed with the Real Estate Commission on February 13, 1996.

Reproduction of Report. When reproduced, this report must be on:

[] yellow paper stock [X] white paper stock [] pink paper stock

C. Additional Information Not Covered Above:

Residential Dwellings within State Land Use Agricultural District

Purchasers should be aware that the State Land Use Commission issued a Declaratory Ruling in December, 1994, regarding the construction of residential dwellings on properties located within the State Land Use Agricultural District. In response to said ruling, the Kauai County Planning Department is requiring applicants for building permits on such lands to acknowledge receipt of a "Farm Dwelling Notice". This Farm Dwelling Notice reads as follows:

FARM DWELLING NOTICE

To: Applicants for Building Permits on Land in State land Use Agricultural District.

This is to inform you that Chapter 205, Hawaii Revised Statutes, does not authorize residential dwellings as a permissible use in an agricultural use district, unless the dwelling is related to an agricultural activity or is a "farm dwelling".

Farm Dwelling is defined as "a single family dwelling located on and used in connection with a farm, including clusters of single-family farm dwellings permitted within agricultural parks developed by the State and where agricultural activity provides income to the family occupying the dwelling."

Penalty for violation of Section 205-4.5, Hawaii Revised Statutes, is a fine of not more than \$5,000. If any person who is cited for a violation of the law fails to remove the violation within six months of such citation and the violation continues, such person is subject to a citation for a new and separate violation. There shall be a fine of not more than \$5,000 for any additional violation.

I acknowledge that I have read the above
and have been given a copy

Signature of Applicant

Signature of Witness

Mailboxes

Mailboxes have not been provided for the units, as there is no mail delivery to this area. People in this area customarily maintain a post office box at the local post office.

C. Additional Information Not Covered Above:

100 Foot Building Setback and Drainage Way as Shown on File Plan No. 1934

Schedule D indicates that the subject property (the Project) is encumbered by of a "100 foot building setback and drainage way as shown on file plan no. 1934" . However, this 100 foot building setback and drainage way actually straddles the subject property and the property adjacent thereto. Thus, as shown on the Condominium Map, the subject property is encumbered by 50 feet of this setback.

Access

The Project fronts along and is accessible from Kahiliholo Road, a public road. The address of the subject property is 4980 Kahiliholo Road, Kalihiwai, Kilauea, Hawaii 96754 .

D. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

David Linzinmeir and Carolyn Linzinmeir

Name of Developer

By: David Linzinmeir 1-22-96
Duly Authorized Signatory Date

By: Carolyn Linzinmeir 1-22-96
Duly Authorized Signatory Date

David Linzinmeir and Carolyn Linzinmeir, Fee Simple Owner
print name & title of person signing above

Distribution:

Department of Finance, County of Kauai
Planning Department, County of Kauai
Federal Housing Administration

EXHIBIT A

DESCRIPTION OF INDIVIDUAL UNITS

"Unit 1" consists of (i) a one room, single story, wood frame shed with a dirt floor, having a net area of approximately 24 square feet, with no basement and (ii) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof. Specifically, in addition to the above-described improvements, the owner thereof is permitted, if allowed by law, to build any permitted structures on the land area appurtenant to said unit, provided that said structures comply with all applicable building codes and zoning ordinances. The costs and expenses of any such future construction shall be borne solely by the owner of said unit.

"Unit 2" consists of (i) a one room, single story, wood frame shed with a dirt floor, having a net area of approximately 24 square feet, with no basement and (ii) any and all other future improvements which may be constructed on the land area appurtenant to said unit by the owner thereof. Specifically, in addition to the above-described improvements, the owner thereof is permitted, if allowed by law, to build any permitted structures on the land area appurtenant to said unit, provided that said structures comply with all applicable building codes and zoning ordinances. The costs and expenses of any such future construction shall be borne solely by the owner of said unit.

END OF EXHIBIT A

EXHIBIT B

DESCRIPTION OF COMMON ELEMENTS

One freehold estate was designated in all portions of the Project other than the units (except as herein specifically included), these portions of the Project being herein referred to as the "common elements", including specifically, but not limited to:

(a) The land in fee simple;

(b) All ducts, pumps, pipes, wires, conduits or other utility lines running over, under or through any unit or any limited common element appurtenant thereto which are utilized by or serve more than one unit and other central and appurtenant installations for common services, if any, including water, power, light, sewage, irrigation and telephone;

(c) Any and all other apparatus, installations and/or facilities in common use and all other parts of the Property necessary or convenient to the existence, maintenance and safety of the Project, or normally in common use;

(d) Each unit shall have appurtenant thereto non-exclusive easements in the common elements designed for such purposes of ingress to, egress from, utility services for, and support, maintenance and repair of such unit, and in the other common elements of the Project for use according to their respective purposes. When applicable, each unit shall also have appurtenant thereto easements in the other unit(s) for the purposes of utility service for, and the maintenance and repair of said utility services, including but not limited to electricity, gas, water, sewage, telephone and television cable;

(e) The limited common elements described below.

The common elements shall remain undivided, and no right shall exist to partition or divide any part thereof, except as provided in the Act. Any such partition or division shall be subject to the prior consent thereto by the holder(s) of all mortgage(s) of record against any condominium unit(s).

END OF EXHIBIT B

EXHIBIT C

DESCRIPTION OF LIMITED COMMON ELEMENTS

Certain parts of the common elements, herein referred to as the "limited common elements", are hereby set aside and reserved for the exclusive use of certain units, and such unit(s) shall have appurtenant thereto exclusive easements for the use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(a) That certain land area upon and around which Unit 1 is located, shown and designated on the Condominium Map as "Limited Common Element Land Area Appurtenant to Unit 1", containing an area of approximately 2.0 acres, shall be a limited common element appurtenant to and for the exclusive use of Unit 1.

(b) That certain land area upon and around which Unit 2 is located, shown and designated on the Condominium Map as "Limited Common Element Land Area Appurtenant to Unit 2", containing an area of approximately 4.059 acres, shall be a limited common element appurtenant to and for the exclusive use of Unit 2;

(c) All other common elements of the Project which are rationally related to less than all of said units shall be limited to the use of such units to which their use is rationally related;

All costs of every kind pertaining to the aforesaid limited common elements, including, but not limited to, costs of landscaping, maintenance, repair, replacement and improvement, shall be borne solely by the owner of the unit to which said limited common elements are appurtenant.

END OF EXHIBIT C

EXHIBIT D

ENCUMBRANCES AGAINST TITLE

1. The lien of any real property taxes due and payable.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. A 100-foot building setback and drainage way as shown on File Plan No. 1934.
4. Portion of Easement "D-5" (area 3,048 square feet) for drainage purposes as shown on File Plan No. 1934.
5. Designation of Easement "E-5" (area 44 square feet) for electrical purposes as shown on File Plan No. 1934.
6. AGREEMENT

By and Between: STATE OF HAWAII and C. BREWER AND COMPANY,
LIMITED

Dated: March 16, 1977

Book: 12110

Page: 330

Re: use of the land described herein (besides
other land) for agricultural purposes

7. DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR KALIHIWAI RIDGE

Dated: October 3, 1988

Book: 22452

Page: 429

to which reference is hereby made, but
deleting restrictions, if any, based on race,
color, religion, sex, handicap, familial
status, or national origin

The foregoing Declaration was amended by the following:

AMENDMENT

Dated: August 9, 1993

Document No. 94-037305

8. Terms and provisions of that certain unrecorded KALIHIWAI RIDGE ENVIRONMENTAL DESIGN RULES AND GUIDELINES PURSUANT TO DECLARATION OF PROTECTIVE COVENANTS CONDITIONS AND RESTRICTIONS FOR KALIHIWAI RIDGE dated October 12, 1988.

9. AGREEMENT TO INCORPORATE AGRICULTURAL RESTRICTIONS INTO INSTRUMENTS OF CONVEYANCE

By and Between: C. BREWER PROPERTIES, INC., a Hawaii corporation, and the COUNTY OF KAUAI PLANNING DEPARTMENT

Dated: September 30, 1988

Book: 22452

Page: 491

10. Covenants, conditions, restrictions, reservations, agreements, obligations, exceptions and other provisions as contained in the following:

DEED

Dated: July 6, 1989

Book: 23407

Page: 252

to which reference is hereby made, but deleting restrictions, if any, based on race, color, religion, sex, handicap, familial status, or national origin

11. RIGHT-OF-ENTRY

In Favor Of: CITIZENS UTILITIES COMPANY, a Delaware corporation

Dated: January 12, 1990

Document No. 90-051569

Purpose: A right of entry and easement for utility purposes over, under, across and through a portion of the land herein described

12. GRANT

In Favor Of: CITIZENS UTILITIES COMPANY, a Delaware corporation

Dated: July 5, 1990

Document No. 90-151401

Purpose: easement for utility purposes over, under, across and through Easement E-5

13. GRANT

In Favor Of: COUNTY OF KAUAI

Dated: June 14, 1990

Document No. 91-048557

Purpose: easement for drainage purposes over, under, across and through Easement D-5

14. The covenants, agreements, obligations, conditions, easements and other provisions as contained in the following:
Declaration of Condominium Property Regime of Linzinmeir Condominium Project, as amended

Dated: November 21, 1995
Document No.: 95-157620

Dated: May 20, 1996
Document No.: 96-078870

Condominium Map No. 2325, to which reference is hereby made, as amended.
(The units created by the foregoing instrument are more particularly described in Exhibit "A" herein.)

15. By-Laws of the Association of Condominium Owners of Linzinmeir Condominium Project

Dated: November 21, 1995
Document No.: 95-157621
to which reference is hereby made

END OF EXHIBIT D

SUMMARY OF SALES CONTRACT

It is Seller's intention to use the most recent edition of the Hawaii Association of Realtor's form of Deposit Receipt Offer and Acceptance (DROA). Among other provisions, the contract will contain the following:

1. Evidence of title: Seller shall furnish Buyer evidence of Seller's marketable title to the interest which is to be conveyed to Buyer. If Seller fails to deliver title as herein provided Buyer has the option to terminate this agreement and have any of Buyer's deposits returned to Buyer. The foregoing shall not exclude any other remedies available to Buyer. Buyer will receive an Owner's standard coverage policy of title insurance at closing: (a) Seller shall pay 60% of the premium to be charged for an Owner's standard coverage policy of title insurance to be issued to the buyer in the amount of the sales price, and (b) Buyer shall pay 40% of such premium and any additional costs relating to the issuance of any extended coverage policy, including a Lender's policy.

2. Default: It is expressly understood and agreed: First: In the event Buyer fails to pay the balance of the purchase price or complete the purchase as herein provided, Seller may (a) bring an action for damages for breach of contract: (b) retain the initial deposit and all additional deposits provided for herein, as liquidated damages, and (c) Buyer shall be responsible for any costs incurred in accordance with this contract. Second: In the event Seller fails to perform his obligations as herein provided, Buyer not being in default, Buyer may (a) bring an action against Seller for damages for breach of contract; (b) file and maintain an action against Seller for specific performance of the contract and (c) Seller shall be responsible for any cost incurred in accordance with this contract. The foregoing shall not exclude any other remedies available to either Seller or Buyer in the event of default and/or a lawsuit arising out of this contract (including a suit by a REALTOR for commission), the prevailing party shall be entitled to recover all costs incurred including reasonable attorney's fees. All expenses incurred by escrow shall be deducted from deposited funds prior to any disbursement of the prevailing party.

3. Closing: For the purpose of this contract "closing" shall be the date upon which all appropriate documents are recorded. Buyer and Seller agree to execute appropriate or customary documents when requested to do so.

4. Time is of the Essence: If either Buyer or Seller for reasons beyond his control cannot perform his obligation to purchase or sell the property by the closing date, then such party by giving escrow written notice prior to the closing date called for in this contract with copies to all parties to this contract, can extend closing for no longer than 30 calendar days to allow performance. Thereafter time is of the essence and the default provisions of Standard Term H apply. Any further extension must then be agreed to in writing by both parties. There is no automatic right to extend. This provision relates only to the extension of the closing date.

EXHIBIT F

SUMMARY OF CONDOMINIUM ESCROW AGREEMENT

1. Sales Contracts Deposited in Escrow. As and when Developer shall enter into a sales contract for the sale of a unit, Developer shall deliver an executed copy of such sales contract to Escrow.

2. Receipt of Funds by Escrow. Developer shall pay over to Escrow any monies received by Developer from purchaser under sales contracts covering units in the Project, including all disbursements made on loan commitments, if any, from lending institutions to individual purchasers.

3. Conditions to be Met Prior to Disbursement. No disbursements of funds held in escrow shall be made unless and until the following conditions have been fulfilled:

(a) The Real Estate Commission shall have issued a Final Report on the Project; provided, however, to the extent any sales contracts are entered into and a purchaser's funds are obtained prior to the issuance of a Final Public Report of the Real Estate Commission, no disbursements shall be made from such purchaser's funds until (i) such Final Public Report shall have been issued; and (ii) the purchaser shall have been given a copy of said Final Report and shall have acknowledged receipt of same or shall have been deemed to have acknowledged receipt of same and Developer's attorney shall have delivered a written opinion to Escrow that the purchaser's sales contract has become effective; and

(b) Developer or Developer's attorney shall have delivered a written opinion to Escrow stating that the requirements of Sections 514A-62 and 514A-63, Hawaii Revised Statutes, as amended, have been met; and, if the project is a conversion project, that requirements of Section 521-38, Hawaii Revised Statutes, as amended, have been complied with; and

(c) Developer shall have given Escrow a written waiver of any option reserved in any sales contract to cancel such sales contract; and

(d) Developer shall have delivered to Escrow a certificate from Developer's architect stating that the project is in compliance with the Federal Fair Housing Amendments Act of 1988.

4. Return of Funds and Documents. A purchaser shall be entitled to a return of funds and Escrow shall pay such funds to such purchaser, without interest, if any one of the following has occurred:

(a) Developer and the purchaser shall have requested Escrow in writing to return to the purchaser the funds of the purchaser held hereunder by Escrow; or

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised such purchaser's right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) The purchaser has exercised the purchaser's right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee of Escrow of not less than \$25.00 per unit or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater, up to a maximum of \$250.00) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at the purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

(e) Notwithstanding any other provision in this Agreement to the contrary, Escrow further agrees to make refunds to purchasers, in accordance with Part VI, Chapter 514A, Hawaii Revised Statutes, out of the funds then on deposit with Escrow, if Developer and the purchaser shall so request in writing and any one of the following events has occurred:

(i) No sales contract has been offered to the purchaser who has been placed on Developer's reservation list of owner-occupant applicants; or

(ii) The purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for the purchaser's reserved unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which Developer is limited to selling to owner-occupants; or

(iii) The purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii

(b) Developer shall have notified Escrow of Developer's exercise of the option to cancel or rescind the sales contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report, the purchaser has exercised such purchaser's right to cancel the contract pursuant to Section 514A-62, Hawaii Revised Statutes, as amended; or

(d) The purchaser has exercised the purchaser's right to rescind the contract pursuant to Section 514A-63, Hawaii Revised Statutes, as amended.

In any of the foregoing events, Escrow shall, upon the occurrence of the event described in (a) or (b) above or upon receipt of a written request for a refund from the purchaser upon the occurrence of an event described in (c) or (d) above, unless the purchaser has waived or has been deemed to have waived the right to a refund, pay said funds to said purchaser (less a cancellation fee of Escrow of not less than \$25.00 per unit or a cancellation fee commensurate with the work done by Escrow prior to such cancellation, whichever fee is greater, up to a maximum of \$250.00) and thereupon said sales contract and any conveyance document theretofore delivered to Escrow shall be returned to Developer and shall be deemed no longer held hereunder; provided, however, that no refund shall be made to a purchaser at the purchaser's request prior to receipt by Developer of written notice from Escrow of its intent to make such refund.

(e) Notwithstanding any other provision in this Agreement to the contrary, Escrow further agrees to make refunds to purchasers, in accordance with Part VI, Chapter 514A, Hawaii Revised Statutes, out of the funds then on deposit with Escrow, if Developer and the purchaser shall so request in writing and any one of the following events has occurred:

(i) No sales contract has been offered to the purchaser who has been placed on Developer's reservation list of owner-occupant applicants; or

(ii) The purchaser has been unable to obtain adequate financing, or a commitment for adequate financing, for the purchaser's reserved unit within thirty (30) calendar days following the end of the ten (10) calendar day period during which Developer is limited to selling to owner-occupants; or

(iii) The purchaser desires to cancel the contract on account of hardship circumstances such as those set forth in Section 514A-104(1), Hawaii

Revised Statutes; or

- (iv) The purchaser indicates an intent not to become an owner-occupant of such unit.

Except for cancellations under subparagraph (i) above, Escrow may deduct from any such refund made to a purchaser a cancellation fee as set forth above.

5. Purchaser's Default. If the purchaser fails to make any payment to Escrow which is required pursuant to the sales contract on or before the due date thereof or if the purchaser fails to perform in any matter that is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of the purchaser. If Developer subsequently certifies in writing to Escrow that Owner has terminated the sales contract in accordance with the terms thereof and provides to Escrow copies of such notices of termination sent to the purchaser, Escrow shall thereafter treat all funds of the purchaser paid on account of such purchaser's sales contract as funds of Developer and not as funds of the purchaser. Upon written request by Developer, Escrow shall pay such sums to Developer, less any escrow cancellation fee, shall return to Developer any documents that had been theretofore delivered to Escrow by Developer and shall hold all other documents theretofore delivered to Escrow in connection with the purchase of the unit for the statutory period; and, Escrow shall thereupon be released from any further duties or liability hereunder with respect to such funds and such purchaser.

END OF EXHIBIT F

**Exhibit G
DISCLOSURE ABSTRACT
LINZINMEIR CONDOMINIUM PROJECT
CONDOMINIUM PROJECT**

**Pursuant to the Section 514A-61, Hawaii Revised Statutes
Condominium Property Act**

DEVELOPER/PROJECT MANAGERS

David and Carolyn Linzinmeir, 301 W. 84th Street, Indianapolis, IN 46260.

ESTIMATED MAINTENANCE FEES/COSTS PER CONDOMINIUM UNIT

MAINTENANCE FEES: The regular maintenance and repair of each condominium unit is the sole responsibility of each respective unit owner. There are no common services and/or expenses which will require regular monthly assessments.

INDIVIDUAL INSURANCE: Section 514A-86, Hawaii Revised Statutes, requires that fire insurance be purchased to cover the improvements portion of the Project. Developer anticipates that the Association will elect to permit unit owners to obtain separate policies. In such case, insurance premiums will be the for each individual responsibility of each owner unit rather than common expenses of the Project.

WARRANTIES

"Unit 1" and "Unit 2" are one room, single story, wood frame sheds completed in 1995.

Potential buyers of said Units are advised that they are being sold "AS IS" without any building warranties.

USE OF CONDOMINIUM UNITS

The units of the Project and their appurtenant land areas shall be occupied and used only by the respective owners thereof, their families, domestic servants, personal guests, tenants, and employees, and only for those purposes permitted by applicable zoning ordinances. The unit owners shall have the absolute right to lease or rent their units subject to the limitations, restrictions, covenants and conditions contained in the Declaration or in the By-Laws of the Association of Condominium Owners. Subject also to said Declaration and By-Laws, maximum allowance and freedom shall be given so as to accommodate the individual unit owner's artistic, creative and life-style requirements.

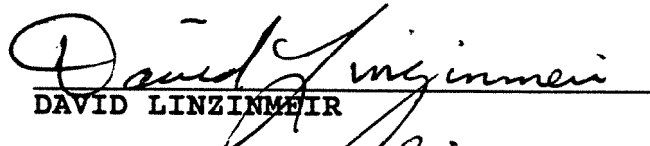
STRUCTURAL COMPONENTS AND MECHANICAL & ELECTRICAL INSTALLATIONS

It is the developer's opinion that all structural components and mechanical and electrical installations material to the use and enjoyment of the individual condominium units appear to be in sound and satisfactory condition. HOWEVER, NO REPRESENTATIONS OF ANY KIND ARE MADE AS TO THE EXPECTED USEFUL LIFE, IT ANY, OF THE STRUCTURAL COMPONENTS AND MECHANICAL AND ELECTRICAL INSTALLATIONS MATERIAL TO THE USE AND ENJOYMENT OF THE CONDOMINIUM UNITS.

CODE VIOLATIONS

To the best of the knowledge, information and belief of the undersigned, there are no outstanding notices of uncured violations of the building code or other municipal regulations of the County of Hawaii.

1-22-96
Date



DAVID LINZINMEIR

1-22-96
Date



CAROLYN LINZINMEIR

EXHIBIT H

SUMMARY OF DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, AND RESTRICTIONS FOR KALIHIWAI RIDGE

ARTICLE I. DEFINITIONS

1.0 Additional Dwelling Unit. "Additional Dwelling Unit" means an additional single family residential dwelling as the same is defined by Kauai County Additional Dwelling Unit Ordinance No. 551, which ordinance was codified in Section 8-26.1, Kauai County Code 1987, as the same is or has been amended from time to time.

1.13 Family. "Family" means (a) a husband and wife, together with his or her or their parents and unmarried children, all of whom shall be related by blood, marriage, or legal adoption, and domestic servants maintaining a common household within Kalihiwai Ridge; (b) one (1) or two (2) individuals, together with his or her or their respective parents and unmarried children, all of which parents and children shall be related to such individuals by blood, marriage or legal adoption, and domestic servants maintaining a common household within Kalihiwai Ridge; or (c) a group of not more than three (3) individuals not constituting a Family as provided in (a) or (b) above and their unmarried children, together with their domestic servants maintaining a common household in Kalihiwai Ridge.

1.14 Improvements. "Improvements" means all buildings, outbuildings, landscaping, grading, roads, driveways, parking areas, fences, retaining walls and other walls, hedges, poles, plantings, planted trees, Subdivision improvements, and any other structure or Improvements of any type or kind.

1.22 Notice of Nonconformance. "Notice of Nonconformance" means a written notice by the Kalihiwai Ridge Environmental Committee which may be Recorded against an Owner's Lot and which discloses that Improvements on an Owner's Lot have not been approved, that any such approval has been revoked, that such Improvements have not been completed in accordance with approved plans and specifications, and other materials, that such improvements have not been completed within the appropriate time period, or that such Improvements have not been maintained in accordance with this Declaration and the Environment Design Rules.

1.25 Points. "Points" are numerical figures assigned to each Lot to fix the proportionate share of the total assessments levied by the Association to be borne by the Owner of that Lot, the proportionate voting power of the Owner of that Lot in the Association and the proportionate interest of the Owner of that Lot in distributions made by the Association. Each Lot owned by the

ARTICLE IV. CERTAIN RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

4.1 Association Rights in Lots. The Association shall have the right to enter upon any Lot for the purpose of enforcing the Declaration.

4.8 Association Right to Charge Fees. The Association may charge reasonable fees for the use of Association Property.

ARTICLE V. ASSESSMENTS

5.1 Assessments. Each Owner, or, in the event of multiple Owners of the some Lot, such multiple Owners pay to the Association amounts based on each Point assigned to the Lot(s) owned by such Owner(s).

5.6 Time for Payments. The amount of any Regular of Supplementary Assessment shall become due and payable thirty (30) days after the notice of the amount due.

5.7 Lien for Easements and Other Amounts. If an Owner does not pay in full any Assessment, charge, fine, penalty, cost, expense, or other amount payable to the Association hereunder, or any installment thereof, to any interest accrued thereon, when due, the Owner shall be deemed to be in default and, upon Recording a notice of default describing the Lot owned by the defaulting Owner, the Association shall have a lien against such Lot to secure payment of any such Assessment, charge, fine, penalty, cost, expense, or other amount due and owing to the Association with respect to the Owner or with respect date due and payable, plus all costs and expenses of collection the unpaid amount, including reasonable attorneys' fees. The lien may be foreclosed in the manner for foreclosure of mortgages in the State of Hawaii. The remedies provided herein or at law or in equity for the enforcement of such obligations, including, without limitation, the right of the Association to suspend such Owner's voting rights as provided in Section 4.7 above.

5.9 Liability of Owners and Purchasers. The amount of any Assessment, charge, fine or penalty owing to the Association by any Owner under this Declaration shall be a joint and several obligation to the Association of such Owner and such Owners heirs, personal representatives, successors, and assigns. Each such amount, together with interest thereon, may be recovered by suit for a money judgement by the Association without foreclosing or waiving any lien securing the same.

ARTICLE VI. USE RIGHTS AND RESTRICTIONS

6.4 Subdivision and Consolidation of Lots. No two or more adjoining Lots shall be consolidated and/or developed as one Lot, nor shall any Lot be divided or subdivided or a fractional portion thereof conveyed or otherwise transferred so as to be held in divided ownership, whether by subdivision, establishment of a

horizontal property regime, establishment of a land trust, or otherwise, without the prior written approval of the Kalihiwai Ridge Environmental Committee.

6.5 Condominiums and PUDS. No Lot shall be made subject to any declaration of horizontal property regime, declaration of restrictive covenants or similar instrument or document without the approval by Declarant of such declaration, instrument or document and on written consent of Declarant to such document.

6.6 Timesharing. No Lot shall be sold, transferred, conveyed, leased, occupied, rented, or used, for or in connection with any time-sharing purpose or under any time sharing plan, arrangement or program.

6.7 Occupancy Limitations. No Lot shall be improved except with one or more Dwelling Units as hereinafter provided and structures necessary or incidental to residential and agricultural use, approved by the Environmental Design Committee as herein provided. No Single Family Residence on any Lot shall be use for living purposes by more Persons that the Single Family Residence was designed to accommodate pursuant to plans approved by the Kalihiwai Ridge Environmental Committee. No portion of any Lot, other than the portion on which the permitted Dwelling Units are situated, shall be used as a residence or for living purposes. No mobile home, trailer home, portable building, shed, quonset hut, tent, or similar structure shall be used as a residence or for living purposes on any Lot.

6.15 Outbuildings, Trailers, and Temporary Structures. No temporary buildings or structures, outhouse sheds, trailers, or tents, except for Declarant's temporary sales offices. No garage, shed, trailer, mobile home, tent, temporary building, or partially completed building shall be used for human habitation.

6.16 Animals. Except for dogs, cats and other typical household pets kept in reasonable numbers and under reasonable conditions, no animal shall be kept or maintained on any Lot except with the approval of the Environmental Committee.

6.20 Cultivation of Crops. All cultivation of crops, whether for personal or commercial use, shall be conducted only on locations designated on site plans for such activity, which have been approved by the Kalihiwai Ridge Environmental Committee.

6.21 Structure Limitations. Structures on all Lots shall be located inconspicuously so as to be unobtrusive on the landscape. Each Dwelling Unit constructed on a Lot shall have appurtenant to it a garage designed to accommodate at least two automobiles which is architecturally harmonious with the Dwelling Units. To protect views and to insure a blending of structures with the natural environment, no structure or other Improvements may be erected which has either a height exceeding 30 feet, measured vertically from the existing ground elevation at all

subdivision roadway in a manner which makes it aesthetically desirable, then in such event, as long as said dwelling complies with the Environmental Design Rules, the Kalihiwai Ridge Environmental Committee may approve said dwelling. At the time of the submission to the Kalihiwai Ridge Environmental Committee for approval of construction of the first residence on Lots 1, 2, 3, 4, and 15 as shown on File Plan 1934, filed with the Bureau of Conveyances of the State of Hawaii and Lot 11 as shown on File Plan 2053, filed in the Bureau of Conveyances of the State of Hawaii, the owner shall submit such information to the Environmental Committee as reasonably requested to establish whether this provision will apply to the residence in question and, upon request, the Owner of said Lots shall execute any document reasonably requested by the Environmental Committee to guarantee that further construction will be in conformity to the intent and of this explicit provision. This Agreement shall not be construed as representing, warranting or agreeing in any fashion that the Environmental Committee will approve of any dwelling containing more than one story, and all height limitations and all design criteria contained in the Declaration and Environmental Design Rules shall apply to each and every improvement constructed on Lots 1, 2, 3, 4, and 15 as shown on File Plan 1934, filed with the Bureau of Conveyances of the State of Hawaii and Lot 11 as shown on File Plan 2053, filed in the Bureau of Conveyances of the State of Hawaii."

6.22 Prohibition Against Used Buildings and Materials. No used building shall be placed on any Lot, nor shall any used lumber or materials be a part of the construction of any Improvement thereon. Notwithstanding the generality of the foregoing, antique or aged materials may be used in the construction of Improvements with the approval of the Environmental Committee.

6.25 Architectural Design Criteria. The overall visual character of Kalihiwai Ridge shall be one of natural materials, natural textures, natural colors and forms compatible with those occurring in the natural landscape of the area.

6.26 Construction Period. During the courses of actual construction of any structure or Improvements permitted hereunder up to a maximum period of twelve (12) months or such longer period approved in writing by the Kalihiwai Ridge Environmental Committee.

6.30 Enforcement of Use Restrictions. In the event of any failure by a Lot Owner to observe and perform all of the terms and conditions of this Article VI, including without limitation, the terms and conditions of Section 6.29 above, Declarant, the Environmental Committee, or the Association, may, upon thirty (30) days prior written notice to such Lot Owner (the "Defaulting Lot Owner"), maintain, restore or repair such Lot and such Improvements, the cost of which shall be reimbursed (together with interest thereon at the rate of one percent (1%) per month) by the Environmental Committee, or the Association who maintains, restores, or repairs such Lot Improvements for the Defaulting Lot Owner shall have a lien against the Defaulting Lot Owner's Lot to secure such reimbursement and payment of interest, plus all costs and expenses of collecting the unpaid amount, including reasonable attorneys' fees. The foregoing remedy shall be in addition to any other remedies provided herein or at law or in equity for the enforcement of such obligations. Neither Declarant nor the Environmental Committee, nor the members, agents, employees or contractors shall be liable for any claim for damage which may result from any maintenance, provided that the Person against whom the claim is made has, upon the basis of such information as may be actually possessed by him, acted in good faith and without willful or intentional misconduct.

END OF EXHIBIT H